

## § 351.15

the next business day. However, the effective date of the rate remains the first day of the month of the announcement.

(c) The Secretary may announce rates at any other time.

### § 351.15 Is the determination of the Secretary on rates and values final?

The Secretary's determination of rates of return and savings bond redemption values is final and conclusive.

### § 351.16 What do I need to know about the base denomination for redemption value calculations?

We base all calculations of interest on a unit with a principal amount of \$12.50. We use this unit value to determine the value of bonds in higher denominations. The effect of rounding off the value of the \$12.50 unit increases at higher denominations. This can work to your slight advantage or disadvantage, depending on whether the value is rounded up or down.

Issue dates—1st day of	Original term (in years)	First extended term (in years)	Second extended term (in years)	Final maturity dates
Jan. 1980–Oct. 1980 .....	11	10	9	Jan. 2010–Oct. 2010.
Nov. 1980–Apr. 1981 .....	9	10	11	Nov. 2010–Apr. 2011.
May 1981–Oct. 1982 .....	8	10	12	May 2011–Oct. 2012.
Nov. 1982–Oct. 1986 .....	10	10	10	Nov. 2012–Oct. 2016.
Nov. 1986–Feb. 1993 .....	12	10	8	Nov. 2016–Feb. 2023.
Mar. 1993–Apr. 1995 .....	18	10	2	Mar. 2023–Apr. 2025.

### § 351.20 What is the investment yield (interest) during the original maturity period of Series EE savings bonds with issue dates from January 1, 1980, through April 1, 1995?

The redemption value of a bond on a given interest accrual date during original maturity will be the higher of the value produced using the applicable guaranteed minimum investment yield or the value produced using the appropriate market-based variable investment yield.

(a) *Guaranteed minimum investment yield.* (1) *Bonds bearing issue dates prior to November 1, 1982.* You may obtain the guaranteed minimum investment yields on bonds bearing issue dates prior to November 1, 1982, by downloading from our website at

## 31 CFR Ch. II (7–1–04 Edition)

*Example.* The following hypothetical example illustrates the calculation: A rate of 3.25% will result in a newly purchased \$12.50 unit increasing in value after six months to \$12.70, when rounded to the nearest cent. Therefore, a \$5,000 definitive Series EE bond (with a principal amount of \$2,500) will be worth \$2,540 after six months (\$2,500 divided by \$12.50)  $\times$  \$12.70 = \$2,540.) In contrast, if applied directly to a \$2,500 principal amount, the rate would render a value of \$2,540.63 after six months, a difference of 63 cents. (This example does not account for any interest penalty that might apply if you redeem a bond less than five years after its issue date.)

### §§ 351.17–351.18 [Reserved]

SERIES EE SAVINGS BONDS WITH ISSUE DATES PRIOR TO MAY 1, 1995

### § 351.19 What are maturity periods of Series EE savings bonds with issue dates prior to May 1, 1995?

Bonds with issue dates from January 1, 1980, through May 1, 1995 have an original maturity period and two extended maturity periods, as shown by the following table:

<[www.savingsbonds.gov](http://www.savingsbonds.gov)>, contacting us by email at <[savbonds@bpd.treas.gov](mailto:savbonds@bpd.treas.gov)>, or by writing us at the following address: Bureau of the Public Debt, Parkersburg, West Virginia 26106–1328.

(2) *Bonds bearing issue dates of November 1, 1982, through April 1, 1995.* (i) *Prior to 5 years from issue date.* You may download the guaranteed minimum investment yields prior to 5 years from issue date at our website at <[www.savingsbonds.gov](http://www.savingsbonds.gov)>, by contacting us by email at <[savbonds@bpd.treas.gov](mailto:savbonds@bpd.treas.gov)>, or writing to the following address: Bureau of the Public Debt, Parkersburg, West Virginia 26106–1328.

(ii) *On or after 5 years from issue date.* The guaranteed minimum investment yield of a bond from its issue date to

## Fiscal Service, Treasury

## § 351.21

each semiannual interest accrual date occurring on or after 5 years from issue up to original maturity will be as follows, compounded semiannually:

Issue dates of bonds	Percent
Nov. 1, 1982–October 1, 1986 .....	7.5
Nov. 1, 1986–Feb. 1, 1993 .....	6
Mar. 1, 1993–Apr. 1, 1995 .....	4

(b) *Market-based variable investment yield.* If a bond is held for a period of 5 years after its first semiannual interest accrual period, occurring on or after November 1, 1982, or its issue date, whichever is later, its market-based variable investment yield for such period, and to each successive semiannual interest accrual date up to its original maturity, will be determined as follows:

(1) For each 6-month period, starting with the period beginning on May 1, 1982, we will determine the average market yield on outstanding marketable Treasury securities with a remaining term to maturity of approximately 5 years during such period.

(2) For bonds bearing an issue date prior to May 1, 1989, the market-based variable investment yield from its first semiannual interest accrual date occurring on or after November 1, 1982, or its issue date, whichever is later, to its first semiannual interest accrual date 5 years thereafter will be 85 percent, rounded to the nearest one-fourth of 1 percent, of the arithmetic average of the market yield averages for the ten 6-month periods starting with the 6-month period that most recently ended before such issue date, whichever is later.

(3) For bonds bearing issue dates of May 1, 1989, through April 1, 1995, the market-based variable investment yield from the issue date to the semiannual interest accrual date 5 years thereafter will be 85 percent, rounded to the nearest one-hundredth of 1 percent, of the arithmetic average of the market yield averages for the ten 6-month periods starting with the 6-month period that most recently ended before such issue date.

(4) In determining the market-based variable investment yield for a bond from its first semiannual interest accrual date occurring on or after November 1, 1982, or its issue date, which-

ever is later, to each successive semiannual interest accrual date occurring after 5 years from issue up to original maturity, the average market yield for each additional 6-month period will be included in the computation.

### § 351.21 How are redemption values determined during any extended maturity period of Series EE savings bonds with issue dates prior to May 1, 1995?

The redemption value of a bond on a given interest accrual date during an extended maturity period or periods will be the higher of the values produced using either the applicable guaranteed minimum investment yield or the appropriate market-based variable investment yield. The calculation of these yields and the resulting redemption values are described below:

(a) *Guaranteed minimum investment yield and resulting values during an extended maturity period.* A bond may be subject to one guaranteed minimum investment yield during its original maturity period and to another such yield during each of its extended maturity periods.

(1) *Bonds entering an extended maturity period from May 1, 1989, through February 1, 1993.* Bonds that entered an extended maturity period from May 1, 1989, through February 1, 1993, had a guaranteed minimum investment yield of 6 percent per annum, compounded semiannually, during that extended maturity period.

(2) *Bonds entering an extended maturity period on or after March 1, 1993.* Bonds that entered or enter an extended maturity period on or after March 1, 1993, have a guaranteed minimum investment yield of 4 percent per annum, compounded semiannually, during that extended maturity period, or the guaranteed minimum investment yield in effect at the beginning of that period.

(3) *Determination of values for a bond during extended maturity periods.* In order to determine values for a bond during its first extended maturity period, we determine the value of the bond at the end of its original maturity period using the guaranteed minimum investment yield applicable to that period. This value is then used as the